

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

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OCT 3 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

Access Billing Requirements  
for Joint Service Provision

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AMENDED PETITION FOR RULEMAKING

U S WEST Communications, Inc. ("U S WEST"), through counsel and pursuant to Section 1.401(a) of the Federal Communications Commission's ("Commission") Rules,<sup>1</sup> hereby requests that the Commission initiate a rulemaking proceeding to eliminate the single bill requirement in cases where access service is jointly provided under meet point billing contracts between U S WEST and other participating local exchange carriers ("LEC").<sup>2</sup> Circumstances have changed significantly since the single bill requirement was adopted in 1988. Any remaining benefits of the single bill requirement are far out-weighed by the costs and difficulties of complying with this requirement where access service is jointly provided with large numbers of small LECs.

<sup>1</sup> 47 CFR § 1.401(a).

<sup>2</sup> See In the Matter of Access Billing Requirements for Joint Service Provision, Order, 65 Rad. Reg. (P&F) 2d 650, 670 ¶ 95 (1988) ("Order" or "Meet Point Billing Order").

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This Amended Petition for Rulemaking replaces U S WEST's earlier petition<sup>3</sup> and contains quantitative evidence that the Commission's single bill requirement no longer serves the public interest.

## I. BACKGROUND

The Commission first adopted the single bill requirement for meet point billing arrangements in 1988.<sup>4</sup> At that time, virtually all LECs basically used a common interstate rate structure. U S WEST and the LECs with which it had meet point billing arrangements negotiated billing contracts and implemented the single bill requirement in accordance with the Commission's Rules. With the expiration of the Modification of Final Judgment's equal charge per unit of traffic requirement and the adoption of restructured local transport rates, further modifications in LEC billing systems were required.

Initially, it did not appear that the local transport restructure would have a significant effect on the single bill requirement since it was assumed that all LECs would continue to have similar rate structures. However, significant billing modifications were required even in those instances where both LECs (i.e., participating in the joint provision of local transport) implemented the local transport restructure. In such cases, billing systems still had to be modified to reflect differences in distance sensitive rate structures (i.e., mileage) and the existence or absence of access tandems.

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<sup>3</sup> U S WEST Petition for Rulemaking, filed Nov. 1, 1994.

<sup>4</sup> Meet Point Billing Order, 65 Rad. Reg. (P&F) 2d at 670 ¶ 95.

On August 1, 1993, the Commission issued a Public Notice inviting non-Tier I LECs who had not received a bona fide request for direct-trunked transport to apply for waiver of all or part of the requirements of the local transport restructure.<sup>5</sup> The Commission granted numerous waivers, including a general waiver that the National Exchange Carrier Association had filed on behalf of its participating carriers who satisfied the requirements of the Public Notice.<sup>6</sup> Recognizing that many recipients of waivers also were involved in meet point billing arrangements, the Commission also granted a one-year waiver to allow multiple billing arrangements where LECs with meet point billing arrangements had different local transport rate structures.<sup>7</sup> In waiving the single bill requirement for 12 months, the Commission reiterated its support for the single bill requirement and urged LECs to cooperate on implementing single bills.

Rather than continuing to support the single bill requirement, the Commission should eliminate it entirely. The single bill requirement is no longer necessary to accomplish the Commission's original objectives -- reducing both the cost and the difficulty of bill verification for interexchange carriers ("IXC") purchasing jointly provisioned switched access. The following sections demonstrate

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<sup>5</sup> See Public Notice, Transport Rate Structure and Pricing, CC Docket No. 91-213, Waivers to be Entertained from Non-Tier 1 LECs Regarding Implementation of Initial Restructured Transport Tariffs, 8 FCC Rcd. 6250 (1993) ("Public Notice").

<sup>6</sup> See In the Matter of Petitions for Waiver of Transport Rate Structure and Pricing Requirements, Order, 9 FCC Rcd. 796, 811 ¶ 40 (1993).

<sup>7</sup> Id. at 809-10 ¶ 34.

why the single bill requirement is no longer necessary and how it may result in inefficient and uneconomic billing arrangements.

## II. THE PUBLIC INTEREST IS NOT SERVED BY UNECONOMIC BILLING ARRANGEMENTS

Prior to implementation of the Local Transport Restructure, all switched access was billed on a per minute of use ("MOU") basis. With the introduction of restructured Local Transport rates, only tandem-switched usage continues to be billed on a MOU basis -- entrance facilities and dedicated transport are priced and billed on a flat-rate basis -- and is the only portion of the local transport revenue stream that is subject to the single bill requirement. As a result, "single bill" revenues have decreased substantially. The cost of producing a single bill for tandem-switched revenues is the same or greater than when all local transport revenues were subject to the single bill requirement. With smaller LECs the "billing cost/billed revenue" ratio may rise to uneconomically high levels -- sometimes exceeding 25 percent -- under single bill contracts. This is clearly the case for most LECs for which U S WEST has requested a waiver of the single bill requirement.<sup>8</sup>

The uneconomic nature of the single bill requirement is further highlighted by an examination of how the process actually works in practice. Under the single bill option, another LEC billing an IXC on U S WEST's behalf has a choice of two payment options -- single check or multiple check. Under the single check option,

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<sup>8</sup> Attachment A from U S WEST's Amended Request for Waiver which is appended hereto as Attachment A clearly demonstrates this.

the IXC sends one check to the billing LEC and this LEC remits any amounts due to U S WEST. Under the multiple check option, the billing LEC sends one bill to the IXC, but the IXC is required to pay the billing LEC and U S WEST separately (i.e., multiple checks).<sup>9</sup> Under both the single and multiple check options, the billing LEC submits a billing invoice to U S WEST when it bills an IXC.<sup>10</sup> This billing invoice contains the amount that the LEC is billing on U S WEST's behalf.

Eliminating the single bill requirement would significantly reduce the costs of "back-office" operations (i.e., costs associated with processing invoices) for LECs with large numbers of meet point billing arrangements. It should also reduce IXC costs by reducing the number of checks that they must write (i.e., versus the multiple check option discussed above) and the time spent with LECs to resolve billing problems.<sup>11</sup> If LECs are allowed to use the multiple bill option, U S WEST and other similarly situated LECs would no longer need to input, track, and reconcile invoices from other LECs for jointly provided access arrangements. Processing invoices is a formidable job with little payoff -- given the minuscule amounts involved.<sup>12</sup>

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<sup>9</sup> While numerous LECs have single bill arrangements with U S WEST, many of them do not want to collect funds due to U S WEST and become involved in the settlements process. These LECs have chosen the "multiple check" option in fulfilling the single bill requirement.

<sup>10</sup> Approximately one-fourth of the invoices which U S WEST receives are generated by LECs using the multiple check option while the remainder is from companies using the single check option.

<sup>11</sup> The actual number of bills sent to an IXC will remain the same regardless of whether the single bill or multiple bill option is used -- as long as LATA level billing has been implemented. See Section IV infra.

<sup>12</sup> Processing invoices can be quite complicated in the single bill environment when the multiple check option is chosen by the other participating LEC. In such cases, IXCs may pay U S WEST the

Attachment B contains a summary of invoices processed by U S WEST for three relatively recent representative months. Attachment B shows that approximately 61 percent of the invoices were for less than \$25 per month and 95 percent for less than \$1000 per month. The most startling fact is that almost 20 percent of the invoices were for less than one dollar. While costs of processing invoices vary between companies, no LEC or IXC could claim that it could process an invoice for \$5, let alone \$1. If it is assumed that at a minimum it costs \$25 to process a single monthly invoice, U S WEST's data demonstrates that it makes no economic sense to bill for jointly provided access in approximately 60 percent of the cases.

Clearly, the public interest is not served by requiring LECs to render single bills in any of the above instances.

### III. CIRCUMSTANCES HAVE CHANGED SINCE THE COMMISSION FIRST ADOPTED ITS SINGLE BILL REQUIREMENT

When the Commission first adopted the single bill requirement in 1988, LECs had a common rate structure for interstate access. Even then, the Commission allowed LECs to select the multiple bill option if a LEC could demonstrate that it satisfied three criteria.<sup>13</sup> Circumstances have changed

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amounts indicated on the single bills of other participating LECs by individual checks or the IXC may issue a single check to U S WEST to cover multiple invoices (i.e., the amounts due U S WEST billed by a number of participating LECs). If the IXC consolidates the payment of a number of invoices in a single check, but fails to provide adequate documentation, the reconciliation process can become quite arduous (i.e., when there may be literally hundreds of outstanding invoices for a given IXC).

<sup>13</sup> "We interpret the relevant Orders to mean that a LEC might justifiably select the multiple bill option if that LEC: (1) either implemented meet point billing at a time before the development of single bill options, or is so small that conversion would be impractical; (2) makes a persuasive showing of

significantly since the Commission first adopted its single bill requirement in 1988.

A. Local Transport

By waiving local transport restructure requirements for small LECs, the Commission has created a situation where local transport customers may face two different rate structures. The justification for the single bill requirement all but evaporates in those cases where local transport is jointly provided by two LECs using different rate structures. Such changed circumstances justify the elimination of the single bill requirement in those cases where service is jointly provided by LECs using different rate structures.

B. LATA Level Billing

In the past, the single bill requirement had the advantage of ensuring that IXC's would experience a significant reduction in the number of bills from LECs for jointly provided facilities than under multiple billing arrangements. This is no longer true today. With the Ordering and Billing Forum's ("OBF") approval and U S WEST's implementation during 1993, of a LATA level billing enhancement, the number of bills that an IXC receives each month will not change with the cancellation of single bill arrangements. Prior to the implementation of this enhancement, under multiple billing arrangements, an IXC would receive a separate bill from U S WEST for each other LEC within a LATA with which U S WEST jointly provisioned services and separate bills from each participating

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the difficulties (financial, technological, and administrative) of conversion; and (3) offers adequate assurance that it has incorporated, and strictly follows, the MECAB [Multiple Exchange Carrier Access Billing] guidelines for bill verification." Order, 65 Rad. Reg. (P&F) 2d at 666 ¶ 73.

LEC. Thus, if U S WEST and 50 other LECs served a given LATA, an IXC could receive up to 100 bills under previous multiple billing arrangements. Under LATA level billing, an IXC will receive one bill from U S WEST and one from each other LEC or up to 51 bills in the preceding example. With LATA level billing, an IXC would receive the same number of bills from LECs under multiple bill arrangements as under single bill arrangements

### C. Competitive Tandem Switching

Since the adoption of the single bill requirement in 1988, and the temporary one-year waiver of the single bill requirement in 1994, the Commission adopted a policy promoting the development of a competitive tandem marketplace.<sup>14</sup> In the Expanded Interconnection proceeding (*i.e.*, Phase II), the Commission required Tier I LECs, such as U S WEST, to provide new signaling parameters to providers of competitive local transport services that utilize tandem switches. The Phase II Order recognized that the provision of local transport by such competitive tandem providers would inherently involve multiple -- not single -- billing arrangements. That is, in instances where IXCs use competitive access tandem providers, the Phase II Order recognizes that the IXCs may be receiving multiple bills -- one bill from the competitive access tandem provider for its portion of the local transport service, and a second bill from the LEC for its portion of local transport (*e.g.*, Carrier Common Line, Local Switching and Residual Interconnection Charge).

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<sup>14</sup> See In the Matter of Expanded Interconnection with Local Telephone Company Facilities, Third Report and Order, 9 FCC Rcd. 2718 (1994) ("Phase II Order").



In recognition of its policies promoting a competitive local transport market, the Commission should allow LECs the flexibility to adopt multiple billing arrangements in appropriate circumstances. Clearly, it would be unfair to require two LECs who jointly provide local transport services to do so under a single bill arrangement, while permitting multiple bill arrangements in those instances where local transport is jointly provided by a LEC and a competitive tandem switching provider.

#### IV. IXCS WILL NOT BE HARMED BY ALLOWING LECs TO USE THE MULTIPLE BILL OPTION

The primary concerns behind the adoption of the single bill requirement in 1988, as a replacement for multiple billing were the difficulty of verifying LEC bills for jointly provisioned access and the cost of doing so in a multiple bill environment. Both these concerns have been largely mitigated by the implementation of LATA level billing discussed in the preceding section. Bill verification is greatly simplified with LATA level billing in a multiple billing environment<sup>15</sup> -- an IXC need not examine any more bills than under the single bill option.<sup>16</sup>

Even if the single bill option was required in all cases, IXCs would still have a portion of local transport (e.g., flat-rated charges) billed under a multiple bill ar-

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<sup>15</sup> In order to minimize billing verification problems in a multiple bill environment, U S WEST has implemented the OBF's recommendation that the billing account number of other LECs co-providing access be included on U S WEST's bill to an IXC. This allows an IXC to easily identify jointly-provided access arrangements and verify any discrepancies between the bills of the co-providers.

<sup>16</sup> IXC bill verification is further facilitated by U S WEST's adherence to MECAB guidelines. Adherence to these guidelines was one of the criteria which the Commission indicated in its 1988 Meet Point Billing Order might justify LEC use of the multiple bill option. See supra note 13.

rangement.<sup>17</sup> Thus, IXC's will not be harmed by elimination of the single bill requirement.

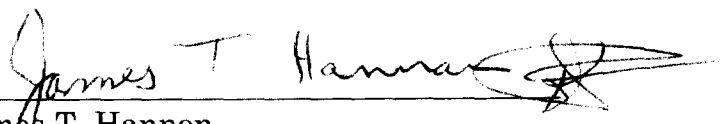
V. CONCLUSION

For the foregoing reasons, U S WEST respectfully requests that the Commission initiate a rulemaking to eliminate the single bill requirement for jointly provisioned access services.

Respectfully submitted,

U S WEST COMMUNICATIONS, INC.

By:

  
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Its Attorney

Of Counsel,  
Dan L. Poole

October 3, 1995

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<sup>17</sup> In accordance with the OBF agreement on LEC billing for local transport, flat-rated charges associated with entrance facilities and direct-trunked transport will be billed in the same manner as special access (i.e., U S WEST and most other LECs use the multiple bill option for billing special access).

**Estimated Single Bill Costs to US WEST  
for Meet Point Billing Arrangements**

				TOTAL REV. BILLED IN '93	TOTAL BILLING EXPENSE '93	PROJECTED '95 BILLED REV.	QUOTED BILLING EXPENSE '95	% INCR. OVER '93	'95 EXP. AS % OF BILLED REV.
1				\$13,405	\$2,455	\$4,581	NA	NA	NA
2	*			\$44,389	\$4,500	\$14,010	\$6,920	54%	49%
3				\$79,222	\$2,400	\$61,511	\$13,200	450%	21%
4				\$53,620	\$1,080	\$36,895	NA	NA	NA
5				\$15,601	\$1,700	\$5,923	NA	NA	NA
6				\$3,291	\$2,400	\$2,527	\$5,400	125%	214%
7				\$295,056	\$1,860	\$130,503	NA	NA	NA
8				\$25,835	\$2,400	\$10,557	\$21,000	775%	199%
9				\$2,346	\$2,400	\$1,428	\$13,200	450%	924%
10	*			\$1,119,954	\$4,500	\$537,748	\$31,507	600%	6%
11				\$931,021	\$0	\$443,774	NA	NA	NA
12				\$8,197	\$2,400	\$4,392	\$9,600	300%	219%
13				\$22,567	\$2,400	\$10,802	\$26,400	1000%	244%
14				\$8,262	\$2,400	\$3,357	\$10,200	325%	304%
15				\$116,723	\$2,400	\$53,382	\$32,400	1250%	61%
16				\$3,474	\$2,400	\$1,601	\$43,200	1700%	2698%
17				\$35,542	\$2,400	\$23,729	\$21,000	775%	88%
18				\$25,815	\$2,400	\$10,963	\$10,800	350%	99%
19				\$104,908	\$2,400	\$57,931	\$51,600	2050%	89%
20	*			\$529,586	\$4,500	\$282,073	\$21,737	383%	8%
21	*			\$164,751	\$4,500	\$54,843	\$12,445	177%	23%
22				\$555,949	\$0	\$245,129	NA	NA	NA
23				\$51,897	\$4,195	\$24,646	NA	NA	NA
24				\$76,305	\$2,400	\$56,976	\$13,800	475%	24%
25				\$3,424	\$4,154	\$1,665	NA	NA	NA
26				\$1,787	\$0	\$447	NA	NA	NA
27				\$159,317	\$7,990	\$67,136	NA	NA	NA
28				\$378,528	\$12,750	\$155,357	NA	NA	NA
29				\$114,959	\$2,400	\$48,217	\$42,300	1663%	88%
30				\$238,330	\$2,400	\$98,724	\$12,000	400%	12%
31				\$272,027	\$2,220	\$101,268	NA	NA	NA
32				\$5,254	\$0	\$1,313	NA	NA	NA
33	*			\$146,332	\$4,125	\$68,968	\$3,669	-11%	5%
34				\$1,291	\$0	\$323	NA	NA	NA
35				\$94,282	\$6,940	\$28,218	NA	NA	NA
36	*			\$2,984,155	\$4,500	\$1,260,187	\$59,206	1216%	5%
37	*			\$235,229	\$4,125	\$68,128	\$9,344	127%	14%
38				\$46,949	\$2,400	\$20,015	NA	NA	NA
39				\$55,634	\$2,400	\$23,320	\$61,200	2450%	262%
40				\$204,086	\$2,400	\$104,625	\$22,800	850%	22%
41				\$66,393	\$2,400	\$32,347	\$25,200	950%	78%
42				\$35,227	\$1,800	\$14,232	NA	NA	NA
43				\$81,850	\$4,185	\$50,871	NA	NA	NA
44	*			\$445,466	\$4,125	\$146,741	\$18,202	341%	12%
45				\$82,741	\$3,780	\$32,692	NA	NA	NA
46				\$35,492	\$1,100	\$17,261	\$10,800	882%	63%
47				\$39,723	\$2,960	\$21,683	NA	NA	NA
48				\$204,217	\$2,400	\$83,642	\$22,800	850%	27%
49				\$21,866	\$2,400	\$10,656	\$18,600	675%	175%
50				\$25,767	\$2,400	\$12,223	\$14,400	500%	118%
51				\$22,021	\$2,400	\$10,593	\$21,600	800%	204%

NA - Quote not provided--LEC declined to provide single bill due to administrative burden or dual structures (LTR & non LTR) not supported in billing system.

\* These companies considered in totality at parent company level.

**ATTACHMENT B**

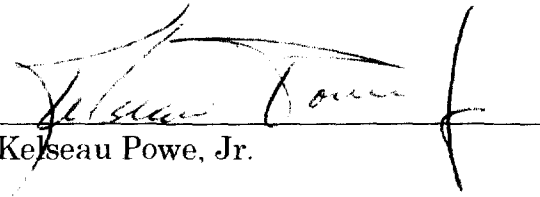
Invoices Processed by U S WEST Under the  
Single Bill Requirement\*

AMOUNT OF INVOICE	DEC. 1994	JAN. 1995	FEB. 1995	MONTHLY AVERAGE	% OF TOTAL	CUMULATIVE % OF TOTAL
Less than \$1.00	\$1,122	\$1,032	\$1,439	\$1,198	19.60%	19.60%
\$1.01 - \$525.00	\$2,576	\$2,301	\$2,763	\$2,547	41.70%	61.30%
\$25.01 - \$100.00	\$1,026	\$941	\$1,051	\$1,006	16.50%	77.70%
\$100.01 - \$1,000.00	\$1,109	\$970	\$1,052	\$1,044	17.10%	94.80%
Greater than \$1,000.00	\$326	\$306	\$322	\$318	5.20%	100
Total	\$6,159	\$5,550	\$6,627	\$6,112		-

\* December, 1994 - February, 1995 is the most recent three-month period for which data is available that is unaffected by billing anomalies. During the March-April, 1995 timeframe, a major billing vendor for other LECs experienced delays in issuing bills. As a result, the number of invoices received by U S WEST was unusually low. Conversely, invoices were unusually high during June and July when this vendor eliminated its billing backlogs.

## **CERTIFICATE OF SERVICE**

I, Kelseau Powe, Jr., do hereby certify that on this 3rd day of October, 1995,  
I have caused a copy of the foregoing **AMENDED PETITION FOR  
RULEMAKING**, to be served via first-class United States Mail, postage prepaid  
upon the persons listed on the attached service list.



Kelseau Powe, Jr.

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